

Message Text

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TAGS: ORG, UN
SUBJECT: UN ADMINISTRATION - UN JOINT STAFF PENSION FUND

REF: STATE 075952

SUMMARY. STANDING COMMITTEE OF UN STAFF PENSION BOARD HAS AGREED ON NEW UNIFIED PENSION ADJUSTMENT SCHEME FOR SUBMISSION TO PENSION BOARD. CONSULTING ACTUARY CALCULATES THAT NEW SCHEME WILL NOT COST MORE THAN PRESENT DUAL SCHEME.

1. STANDING COMMITTEE OF UN PENSION BOARD AT ITS MEETING IN LONDON IN FEBRUARY AGREED BY CONSENSUS ON A UNIFIED PENSION ADJUSTMENT SCHEME. UNDER THIS SCHEME, EXERCISE OF A CHOICE BY PENSIONER OF WAPA OR CPI SCHEME WOULD BE REMOVED AND INSTEAD PENSIONER WOULD RECEIVE AUTOMATICALLY WHICHEVER WAS GREATER OF:

- . (1) BASE DOLLAR PENSION ADJUSTED BY US-CPI, OR
 - (2) BASE DOLLAR PENSION CONVERTED INTO CURRENCY OF COUNTRY OF PROVEN RESIDENCE USING HIGHER OF EITHER EXCHANGE RATE PREVAILING ON DATE OF RETIREMENT OR AVERAGE EXCHANGE RATE OVER THREE YEARS IMMEDIATELY PRIOR THERETO, AND ADJUSTED SUBSEQUENTLY BY CPI OF COUNTRY OF RESIDENCE.
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2. SCHEME WILL BE SUBMITTED TO PENSION BOARD FOR CONSIDERATION AT ITS JULY 1978 SESSION. AT TIME SCHEME WAS DECIDED UPON, IT WAS REALIZED THAT PROPOSAL COULD NOT MEET ALL PROBLEMS ARISING FROM INFLATION AND CURRENCY FLUCTUATIONS. THEREFORE, A CONTINUING REVIEW OF THESE PROBLEMS WILL BE NECESSARY, BASED ON FUTURE WORLD-WIDE

AND COUNTRY-BY-COUNTRY ECONOMIC DEVELOPMENTS. FURTHER, THERE IS THE ADDITIONAL PROBLEM OF PENSIONABLE REMUNERATION OF PROFESSIONAL STAFF WHICH AWAITS EXAMINATION BY ICSC.

3. SITUATION OF PENSIONERS IN HIGH COST AREAS WAS BROUGHT SHARPLY TO ATTENTION OF MEMBERS OF STANDING COMMITTEE. IT WAS SHOWN HOW PENSIONS IN REAL DOLLAR TERMS, I.E., ADJUSTED FOR U.S. INFLATION, WERE NOT SUFFICIENT TO MAINTAIN PURCHASING POWER IN VARIOUS OTHER COUNTRIES OF RESIDENCE. IN ADDITION, WITH CONTINUING DECLINE OF DOLLAR, THERE IS ANOMALY OF TWO PARTICIPANTS WITH SAME RECORDS OF SERVICE RECEIVING SIGNIFICANTLY DIFFERENT INITIAL AMOUNTS ON THEIR RETIREMENT AND INDIVIDUALS WITH LONGER SERVICE IN THESE CASES ARE RECEIVING SMALLER RATHER THAN LARGER PENSIONS.

4. STANDING COMMITTEE RECOGNIZED THAT ACTUARIAL COST OF NEW SCHEME SHOULD NOT EXCEED COST OF PRESENT WAPA-CPI SCHEME. RICHARD LEBLOND, CONSULTING ACTUARY, REPRESENTING MAJOR AMERICAN ACTUARY FIRM OF GEORGE B. BUCK, INC., WHO ATTENDED MEETINGS OF STANDING COMMITTEE, ADVISED COMMITTEE THAT ON BASIS OF STUDY MADE DURING MEETINGS, PROPOSED SYSTEM WILL NOT COST MORE THAN PRESENT DUAL SYSTEM. HE IS NOW PREPARING MORE DETAILED CALCULATIONS FOR PRESENTATION TO BOARD IN JULY. THESE CALCULATIONS WILL BE STUDIED
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WITH FINE COMB BEFORE PRESENTATION TO 33RD GENERAL ASSEMBLY.

5. IN DISCUSSIONS CONCERNING CURRENT PENSION FUND IMBALANCE, ONE SUGGESTION NOW BEING MENTIONED WITH INCREASING FREQUENCY BY MEMBERS OF PENSION BOARD IS THAT BASED ON NOBELMAIRE PRINCIPLE, RETIREMENT AGE OF UN STAFF MEMBERS BE EXTENDED FROM AGE 60 TO AGE 70, WHICH IS AGE OF RETIREMENT IN U.S. CIVIL SERVICE SYSTEM. IT IS UNDERSTOOD THAT IF THIS CHANGE TOOK PLACE, ANY EXISTING PENSION FUND ACTUARIAL IMBALANCE WOULD BE ERASED VERY RAPIDLY AND LIKLIHOOD OF FUTURE ONE DIMINISHED.

6. REPORT OF STANDING COMMITTEE HAS JUST BEEN RECEIVED. COPIES ARE BEING POUCHED TO IO/IBC/BA, ,RANK MCCORMICK AND TO US MISSION GENEVA. WELLS

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